



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **Subway Franchisee and Gas Station Owner Pleads Guilty to Multi-Million Dollar Conspiracy to Defraud the Internal Revenue Service**

*Defendant Failed to Report More Than \$6 Million in Gross Receipts*

A Subway franchisee and resident of Alexandria, Virginia pleaded guilty today to conspiracy to defraud the United States, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Dana J. Boente for the Eastern District of Virginia.

According to court documents, Obayedul Hoque, 49, owned and operated a gas station in Alexandria called Skyhill Shell and multiple Subway restaurant franchises in Alexandria, Arlington, Virginia and Washington, D.C. Hoque admitted that between 2008 and 2014, he and his co-conspirators, who were managers of some of the Subway franchises and the gas station, conspired to defraud the United States for the purpose of obstructing the Internal Revenue Service (IRS) in the ascertainment and collection of individual and corporate income taxes. Hoque and his co-conspirators did not deposit all of the gas station or the Subway franchises' gross receipts into the corporate or partnership bank accounts. Instead, Hoque and the managers retained a portion of the gross receipts for their personal benefit and failed to report those funds to the IRS. For the Subway franchises that had no co-conspirator managers, Hoque retained all of the unreported gross receipts for himself.

For the period of 2008 through 2013, point of sales records for the Subway franchises reflected total sales of \$20,805,667. However, Hoque and his co-conspirators provided false monthly sales figures to the accounting firm to prepare the Subway entities' tax returns. As a result, Hoque and his co-conspirators caused false corporate and partnership tax returns to be filed for the Subway franchises, which reported sales of only \$14,377,696. Hoque and a co-conspirator also caused false corporate tax returns to be filed on behalf of Skyhill Shell. For some years, some of the entities did not file tax returns with the IRS. Hoque also filed false individual income tax returns with the IRS. Hoque admitted that his conduct caused a tax loss to the IRS of between \$1.5 million and \$3.5 million.

“As we start the 2016 filing season, this case serves as a reminder that the Justice Department, working with its partners at the IRS, remains committed to identifying, investigating and prosecuting businesses and individual taxpayers who willfully fail to file accurate tax returns and pay the taxes due,” said Acting Assistant Attorney General Ciraolo. “Every taxpayer owes a duty to their fellow citizens to pay their fair share and those who choose not to do so will face the consequences.”

“Today’s plea of Obayedul Hoque for conspiracy to defraud the United States sends a clear message to would-be tax cheats,” said Chief Richard Weber of IRS-Criminal Investigation (CI). “Whether you fail to file and pay your corporate taxes or your personal income taxes, IRS-CI special agents work diligently to uncover all kinds of fraud and hold everyone accountable. U.S. citizens expect and deserve a level playing field when it comes to paying taxes and there are no better financial investigators in the world when it comes to following the money.”

U.S. District Judge Liam O’Grady set sentencing for May 13 at 9:00 a.m. EST. Hoque faces a statutory maximum prison term of five years and a fine of up to \$250,000. As part of his plea agreement, Hoque agreed to pay restitution to the IRS for tax liabilities for the years 2008 through 2013.

Acting Assistant Attorney General Ciraolo and U.S. Attorney Boente thanked special agents of IRS-CI, who investigated the case and Assistant U.S. Attorney Uzo Asonye and Assistant Chief Caryn Finley and Trial Attorney Kimberly Shartar of the Tax Division, who prosecuted the case.

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